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The Role of Organizational Citizenship Behavior and Rewards in Strategy Execution Effectiveness

ABSTRACT

In this paper we contribute to the strategic execution literature by empirically exploring ways middle managers (MMs) as strategic actors in product-market strategy making are enabled or constrained in the strategy process. In our enquiry we concentrate on organizational citizenship behavior (OCB). We focus on organizationally targeted OCB represented by general compliance in the form of conscientiousness towards the organization for its influence on strategy execution effectiveness, a departure from most OCB studies as most concentrate on organizational performance. We assess the mediating role of social and formal rewards as causal mechanisms underlying the OCB-strategy execution effectiveness relationship. Our results reveal that while OCB has no direct influence on execution effectiveness, formal process rewards indirectly influence the relationship. This means that we do not only contribute to the strategy execution literature but also to the growing body of OCB literature which questions the definitional assumption that OCB is viewed as non-rewarded.

Keywords:

Middle managers; execution effectiveness; organizational citizenship behavior; social rewards, formal rewards

The Role of Organizational Citizenship Behavior and Rewards in Strategy Execution Effectiveness

INTRODUCTION

In this paper, we explore the role of organizational citizenship behavior (OCB) in strategizing within organizations. We focus on the middle manager (MM) as strategic actor in product-market strategy making and we contribute to the strategic execution literature by empirically exploring the ways such actors are enabled or constrained by organizational structural and social processes in strategy formation. This literature is still under-developed despite that strategic execution is critical to firm performance (Raes, Heijltjes, Glunk, & Roe, 2011; Tamayo-Torres, Verdú-Jover & García-Morales, 2012). In so doing, we explore whether OCB has positive implications for strategy execution effectiveness given that it is defined as intentional employee behavior that is discretionary and typically not recognized or rewarded but nonetheless improves the functioning of the organization (Dalal, 2005; Organ, 1988; Podsakoff, Whiting, Podsakoff, & Blume, 2009).

OCB has been purported to have a positive relationship with organizational productivity and performance and for more than 70 years, research has emphasized the importance of employees' extra-role behavior for cultivating organizational success (Kim, Van Dyne, Kamdar & Johnson, 2013; Muhammad, 2004). Podsakoff et al.'s (2009) meta-analysis concludes that OCBs are not only important to the success of organizations but also for the people that work in them. In the current work climate, organizations increasingly expect employees to go beyond their formal job descriptions and perform tasks that are outside their formal job description and reward system in order to cope with competitive pressures (Kim et al. 2013; Vigoda-Gadot,

2007). Arguably, such behavior is important for strategy execution effectiveness, which is concerned with the way in which a firm elects to position itself against competitors in its chosen markets (Zott & Amit, 2008; Smith, 2003; Daniels & Bailey, 1999; Day, 1990), given that OCB is purported to help coordinate activities both within and across work groups, increase the stability of organizational performance and enable the organization to adapt more effectively to environmental changes (Podsakoff, MacKenzie, Paine & Bacharach; 2000).

Recent OCB studies question the positive depiction within prior research asserting that OCB may not necessarily always lead to improved work outcomes and promote the goals of the organization as a whole (Bolino, Kim, Van Dyne, Kamdar, & Johnson, 2013; Dekas, Bauer, & Welle, 2013; Klotz & Bolino, 2013; Somech & Drach Zahavy, 2012). From a less pessimistic perspective, scholars suggest the need for a more nuanced approach to the study of OCB (Marinova, Moon, & Van Dyne, 2010). Such an approach attempts to shed light on the traditional characteristics of OCB by questioning whether discretionary behavior is necessarily viewed as un-rewarded (Moon, Van Dyne, & Wrobel, 2005; Van Dyne, & Le-Pine, 1998). Additionally, the assumptions as to whether behavior is indeed considered extra-role and distinguished from in-role/task performance is being challenged (Kamdar et al., 2006; Podsakoff et al., 2009; Somech & Drach-Zahavy, 2012; Turnipseed & Wilson, 2009).

Our contribution is therefore threefold. Firstly, we contribute to the strategic execution literature by empirically exploring the ways actors are enabled or constrained by organizational structural and social processes, and namely OCB, in strategy formation. In so doing, we incorporate some of the contemporary complexities germane to OCB, following the mixed arguments within the literature, by assessing whether OCB has positive implications for strategy execution effectiveness. Our study is unique owing to our explicit focus on the role of OCB in

strategy execution effectiveness. This represents a departure from the literature within the OCB domain which has concentrated mainly on organizational performance and where much prior work has been devoted to identifying antecedents rather than potential outcomes of OCB (Podsakoff et al., 2013). Secondly, we contribute to Marinova et al.'s, (2010) call for more nuanced studies in OCB, through our focus on organizationally targeted OCB, a specific dimension of OCB represented by general compliance in the form of conscientiousness targeted towards the organization. We argue that such OCB is directly concerned with MM's strategy making activities i.e. their formulating and implementing strategy relative to the most recent product/service the organization introduced to the market. Thirdly, we extend the literature which questions the assumption that OCB is viewed as non-rewarded (Moon et al., 2005; Van Dyne and Lepine, 1998) through an assessment of the mediating role of rewards in the relationship between OCB and strategy execution effectiveness. We focus on two types of rewards: social rewards and formal rewards. Social rewards are borne out of the social exchange model of OCB (Konovsky & Pugh, 1994; Organ 1988; Williamson, Burnett, & Bartol, 2009) where social exchange implies an informal contract between employee and organization. OCB is a social exchange through which employees exchange social rewards (Moorman, 1991). As such, social rewards should promote behavior which is germane to our definition of OCB.

However, studies suggest that organizationally targeted OCB is viewed as more formally rewarded than interpersonally targeted OCB (Marinova et al., 2010). Consequently, to gain a deeper understanding of strategy execution, we argue it is important to bring to the fore the role of formal organizational rewards as mediating OCB and strategy execution effectiveness. We suggest that formal reward practices which lead to tangible benefits that arise from the employment contract such as pay (Malhotra, Budhwar, & Prowse, 2007) impact on the

implementation of business strategy and help build strategic competences (Rousseau & Wade-Benzoni, 1994). As such, we argue that these formal practices elicit specific behaviors important for strategy execution effectiveness. In parallel, OCB efforts targeted at benefitting the organization showcase employees capabilities and their commitment to the organization, which should not go unnoticed by those with responsibility for administering formal rewards. This leads us to advance that some level of formal reward might also be useful for encouraging organizationally targeted OCB. Ultimately taking a multifaceted approach in our assessment of formal rewards to consider output and process rewards we contribute to the strategy execution effectiveness literature by theoretically arguing and empirically showing that for OCB to be important for strategy execution effectiveness, both social and formal rewards are necessary.

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Research into OCB delineates two dimensions to behavior: organizationally targeted and interpersonally targeted OCB with the former benefitting the organization and the latter the individual (Anderson & Williams, 1991; Moon et al., 2005; Turnley, Bolino, Lester & Bloodgood, 2003). Our study focuses on organizationally targeted OCB since we are interested in a meso level outcome: strategy execution effectiveness. This dimension of OCB is broader in scope and more directly focused on the task and actual work than is interpersonally targeted OCB since it includes non-prescribed activities that help support organizational change and/or protective behavior that helps maintain general firm performance (Marinova et al., 2010; Podsakoff et al., 2009). Such behavior is aligned with what Borman and Motowidlo (1997) describe as contextual performance, which maintains the broader organizational, social and psychological environment in which core organizational tasks are performed. Following rules

and procedures, supporting and defending organizational objectives and volunteering for extra activities which are not formally part of an individual's role are examples of such behavior. They maintain and improve the organizational environment necessary for the technical core to function efficiently and effectively. Behavior that supports the organization is manifested as promoting, defending, showing loyalty and supporting the organization's mission and objectives such that OCB works effectively "inductively", i.e. from individual conscientiousness to the general group morale (Coldwell and Callaghan, 2013). Hence, it can be argued that organizationally targeted OCB should be beneficial to the task specific activities that MMs engage in their strategizing, and thus should therefore be encouraged.

Our study focuses on the MMs as agents who shape product-market strategy performance through effective strategy execution and who are therefore an important conduit for firm survival and competitive advantage (Hrebiniak, 2006; Mantere, 2008). The literature suggests MMs are key to strategizing (Balogun & Johnson, 2004; Floyd & Wooldridge, 1994; Hantang, 2005; Huy 2002). Their activities involve the effective transformation of resources into valuable strategic outcomes. In this study we are interested in strategy execution effectiveness and how MMs' perceptions of OCB impact upon it. Adopting such a meso outcome which is ultimately linked to organizational performance (Raes et al. 2011) rather than a highly aggregated measure of organizational performance (Ray, Barney, & Muhanna, 2004) offers a unique approach since it represents a departure from studies in OCB which concentrate on general organizational performance. Our approach allows us to gain a deeper insight into strategy execution which would not have been obtained if the dependent variable had been organizational performance. Consequently, this allows us to highlight how relevant OCB is to the strategy management enquiry. To explore whether MMs perceive such behavior to have a positive impact on execution

effectiveness one needs to examine the direct influence of OCB on execution effectiveness. It is important to do so following the mixed arguments regarding the organizational value of OCB (Bolino et al. 2013, Bergeron, 2007; Vigoda-Gadot, 2007). Moreover, embracing the recent argument that the relationship between OCB and performance outcomes may be more complex than originally thought we attempt to explore some of the suggested complexities of the construct (Marinova et al., 2010; Somech & Drach-Zahavy, 2013) and we investigate the role of social and formal rewards in mediating the relationship between OCB and execution effectiveness.

Our conceptual model (see figure 1) highlights the relationship between OCB and strategy execution effectiveness. We incorporate social and formal rewards as mediating constructs which allow us to explore the extent to which these rewards help further explain the relationship between OCB and strategy execution effectiveness, providing insight into the extent to which MMs view OCB as being rewarded. Social rewards form the basis of a social exchange model of OCB (Konovsky & Pugh, 1994; Organ, 1988). When employees feel they are treated fairly, social exchange and the norm of reciprocity dictates that employees reciprocate (Blau, 1964). Reciprocation in this respect is regarded as the exchange of social rewards which should promote discretionary behavior (Moorman, 1991; Williamson et al., 2009) appropriate to the definition of OCB. We focus on procedural justice and participative leader behavior as conduits for social exchange where OCB is the result of the exchange of these social rewards. We expect these constructs to positively mediate the OCB strategy execution effectiveness relationship and encourage MMs discretionary behavior. We do so because from a social exchange perspective positive procedural justice perceptions are suggested an important motivational basis for OCB (De Coninck & Stillwell, 2004; Konovsky & Organ, 1996; Van Ypren et al., 1999) and because

participative leader behavior has been shown to lead to the engagement in OCB (Van Yperen et al., 1999) and is a socialization mechanism which promotes shared meanings notably between senior managers and MMs, and is therefore central in facilitating the degree of understanding of strategy process (Jarzabkowski & Balogun, 2009). Additionally, we assess whether the relationship between OCB and execution effectiveness is mediated by formal organizational rewards. This allows us to shed light on the contemporary view that organizationally targeted OCBs are viewed as being rewarded (Marinova et al., 2010). We develop our hypotheses next.

 Insert Figure 1 about here

OCB and Strategy execution effectiveness

OCB is defined as intentional employee behavior that is discretionary and typically not recognized or rewarded but nonetheless improves the functioning of the organization (Dalal, 2005; Organ and Konovsky, 1989; Podsakoff et al., 1990). OCB has been argued to have a positive relationship with organizational productivity and performance (De Cremer, 2005; Muhammad, 2004; Van Dyne et al. 1994). Good organizational citizens enable an organization to allocate scarce resources efficiently by freeing up resources for more productive activities (Bergeron, 2007; Muhammad, 2004). OCB also helps coordinate activities both within and across work groups, increases the stability of organizational performance and enables the organization to adapt more effectively to environmental changes (Podsakoff et al. 2000). Furthermore OCB can lead to resource gain by strengthening employees' sense of efficacy, responsibility and competence (Somech and Drach-Zahavy, 2012).

As explained earlier, empirical and conceptual work in OCB suggests two broad dimensions; OCB that benefits the organization which in view of our dependent variable we are focusing on and OCB that benefits specific individuals (Anderson and Williams, 1991).

Examples of organization targeted OCB include the promotion and protection of the organization and volunteering for activities beyond the formal job description (Konovsky & Organ, 1996; Turnley, et al., 2013). Cooperation, attendance, predictability, following the rules and general tendencies toward compliance form additional examples of such behavior. These behaviors do not support the technical core of the organization itself so much as the broader organizational, social and psychological environment in which the core must function, serving as the critical catalyst for tasks to be accomplished (Organ, 1997, Podsakoff et al., 2014; Borman and Motowildo, 1997; Organ, 1997). Additionally, OCB has been argued to encompass accepting the necessity and desirability of rational rules and regulations (Brief & Motowildo, 1986; Konovsky & Organ, 1996; Smith et al., 1983). Such behavior is deemed to be OCB since even if employees are expected to obey rules and regulations at all times many simply do not (Podsakoff et al., 2000). All this suggests that OCB should be beneficial to strategy making and execution effectiveness.

MMs as key actors need to provide commitment and support through the processing of information and facilitate the adaptability of the espoused strategy (Floyd and Wooldridge, 1994). Product-market strategy execution effectiveness relates to the extent to which objectives have been achieved using objective measures with respect to sales, profit, market position and management expectations (Atuahene-Gima & Murray, 2004). The role performance of key actors involved in the process underpins execution effectiveness (Gummesson, 1998). The literature suggests that OCB is positively linked to organizational effectiveness in terms of productivity, adaptability, and flexibility (Kataria, Garg, & Rastogi, 2013). We therefore expect MMs to see such behavior as beneficial to their role since arguably such behavior is important to execution effectiveness as it addresses the need to maintain internal efficiency while optimizing

the use of organizational resources, increasing adaptability and ability to sustain performance with respect to external changes so as to achieve strategic and organizational objectives (Bergeron, 2007; Turnispeed & Rassuli, 2005). Many employees are subject to working in organizations undergoing changing circumstances faced with competitive pressures within turbulent and uncertain environments. Such scenarios suggest it might be deemed beneficial to encourage OCB which is constructive, self-initiated, spontaneous or voluntary to achieve enhanced productivity within the organization (Vigoda-Gadot, 2007). This is particularly important as senior managers might require employees to go that ‘extra mile’ in environments that require them ‘to do more with less’ thereby leading to more effective strategy execution effectiveness. Hence we argue that:

Hypothesis 1 (H¹) Middle managers’ perceptions of organizationally targeted citizenship behavior (OCB) is positively associated with strategy execution effectiveness.

Taking a more nuanced approach to understanding the role of OCB and strategy execution effectiveness and in view of our quest to explore some of the suggested complexities of the construct, we address and extend the more recent literature which questions the assumption that OCB is viewed as non-rewarded. We do so through an assessment of the mediating role of social and formal rewards in the relationship between OCB and strategy execution effectiveness to assess whether a causal sequence exists. Exploring these relationships affords us a better understanding how organizational contingencies might be appropriately aligned to support strategy process.

Mediation relationships

Social rewards.

Social rewards are borne out of the social exchange model of OCB (Konovsky & Pugh, 1994; Organ, 1988) where social exchange implies an informal contract between employee and organization, usually materialized between employees and supervisors. As such, social rewards should promote more discretionary behavior, which is core to OCB. We focus on procedural justice and participative leader behavior as conduits for social exchange where OCB is likely to be a part of social exchange as a means of employees exchanging social rewards (Moorman, 1991). These constructs accrue informal obligation based on social exchange whereby MMs' perception that the organization is acting in their interests means the increased likelihood of reciprocation, i.e. their OCB (Somech, 2010).

Procedural justice

Procedural justice focuses on the process that is used to make decisions (Greenberg, 1986, 1990; Skarlicki & Folger, 1997). The perception of how outcomes are determined influence employee beliefs about their work related obligations (Cropanzano et al., 2003; De Coninck & Stilwell, 2004; Kamdar et al. 2006). A number of scholars have shown that perceptions of procedural justice were positively associated with OCB (Kamdar et al., 2006; Messer & White, 2006; Organ & Konovsky, 1989). Organ (1988) maintains that perceptions of procedural justice play a key role in promoting OCB from a social exchange perspective. Social exchange entails a set of transactions in which parties exchange benefits on the basis of trusting organizational relationships (Cropanzano & Mitchell, 2005). Within social exchange relationships, employees are careful to meet partner expectations to maintain mutually beneficial relationships, considering such behavior as an obligation within the relationship irrespective of degree or timing of obligation but where some form or return is expected (Kamdar et al, 2006).

Employees display OCB to reciprocate the fair treatment offered by their organization in exchange for anticipated social benefits (Kamdar et al., 2006; Messer & White, 2006).

Procedural fairness matters to employees because it offers some form of control over the process and outcomes of decisions, and because it recognizes individuals' standing in the organization, thereby contributing to their sense of self-worth (Byrne, 2005; Paterson et al., 2002).

Consequently, notions of fairness might be perceived as having a personal impact on MMs and/or their subordinates through acquiring benefits such as resources, for example budget allocation. Thus, we hypothesize:

Hypothesis 2 (H^2) The relationship between OCB and strategy execution effectiveness will be positively mediated by MMs perceptions of procedural justice

Participative leader behavior

Participative leader behavior involves senior managers allowing MMs input in decision making. It incorporates the notion of strategic conversations between MMs and senior managers regarding the strategy process. Communication has been argued to improve the quality of decision making and a higher degree of commitment to those decisions since MMs are able to share their knowledge and experience (Doz & Kosonen, 2008). Participative leader behavior benefits the organization since it allows the organization to learn more about what MMs think about a particular strategic decision. It allows them to influence their work environment through having voice and providing clearer insights into definition leading to their subsequent choice of optimal action for the reduction of uncertainty related to the strategy (Daniels & Bailey, 1999; Dierdorff, Rubin & Bacharach, 2102; Jackson, 1983). Opportunities to participate in decision making also provide subordinates with greater intrinsic rewards from work (Conger & Kanungo, 1988). As such, participative leadership behaviour is as an effective means of motivating

employees to perform desired behavior (Han et al., 2010) providing employees with role expanding opportunities through their being granted greater voice in areas of organizational performance (Thompson & Kahnweiler, 2002). Participative leader behavior can enhance MMs' sense of fairness and trust in the organization (Fahr, Podsakoff, & Organ, 1990) and implies an informal contract between employee and organization. It also sends a message that the superior has confidence in and concern and respect for the subordinates, and therefore potentially promotes higher levels of trust in the superior (Dirks & Ferrin, 2002; Huang, 2009). Social exchange in the form of social rewards (Moorman, 1991) occurs as MMs are rewarded through having access to information from senior managers so as to be able to shape decisions, have the potential to negotiate and alter these thus ensuring that more appropriate information is used in decision making leading to enhanced strategic performance (Somech, 2010; Westley, 1990). Consequently, if MMs perceive that the organization is behaving in their interests, materialized via participative leader behavior, they are likely to return the favour through exhibiting OCB. Accordingly we hypothesize:

Hypothesis 3 (H^3) The relationship between OCB and strategy execution effectiveness will be positively mediated by middle managers perceptions' of participative leader behavior.

Formal Rewards

We explore the role of formal organizational rewards as mediators to OCB and strategy execution effectiveness since it is suggested that organizationally targeted OCB is viewed as more formally rewarded than interpersonally targeted OCB (Marinova et al., 2010). We suggest that formal reward practices impact on the implementation of business strategy (Rousseau & Wade-Benzoni, 1994). When MMs engage in high levels of compliance OCB they demonstrate

conscientiousness, loyalty and obedience to organizational norms and by engaging in such OCB, they promote their capabilities and commitment to their organization leading to the potential that they are by those with responsibility for administering formal rewards. We take a multifaceted approach in our assessment of formal rewards and consider output and process rewards.

Studies suggest that rewards have been overlooked in predicting OCB (Marinova et al., 2010; Schnake & Dumler, 1997). From a strategy perspective however, rewards are intended to influence behavior and specifically to align individual actions with organizational goals (Schuster & Kesler, 2011; Heracleous & Jacobs, 2011). Formal rewards are a key means organizations use to encourage and drive members towards accepting a new strategy and thereby achieving organizational objectives (Bushardt, Glascoff, & Doty, 2011). Reward systems help frame MMs's belief system which influence their strategizing activity providing incentives and responsibilities for results (Ambrose, Harland, & Kulik, 1991; Atuahene-Gima & Murray, 2004). Mantere (2008) sees rewards as an important form of senior management 'refereeing' MMs' activities, which impacts on their role expectations and it is also argued that formal rewards are important mechanisms for strategy execution since they are used to encourage behavior that is in line with the company's strategy (Rousseau & Wade-Benzoni, 1994; Heracleous & Jacobs, 2011; Schuster & Kesler, 2011). Additionally, organizational reward mechanisms infer obligations to perform. Indeed, if MMs perceive that superiors provide rewards based on performance then OCB is likely to increase (Podsakoff et al., 2000). Based on these arguments, we suggest that formal rewards form part of a causal sequence between OCB and execution effectiveness. We deepen our argument next through an assessment of two different reward types: outcome and process rewards, since scholars concur that a multifaceted approach to rewards is beneficial for firm performance (Atuahene-Gima & Murray, 2004; Walker & Ruekert, 1987). Both types of

rewards might be expected to mediate the relationship between OCB and strategic execution as they both have an impact on behavior. However, we suggest that output and process based reward systems have differential influences on the OCB-execution effectiveness relationship as they would influence, as we explain next, MMs differently.

Output rewards are used to monitor and compensate individuals for achieving desired performance targets. This may include meeting deadlines, working to budgets and target market success and therefore provide incentives and responsibilities for results since employees are rewarded in direct proportion to what they contribute to the organization (Ouchi, 1979). Output rewards, attributed by some objective metric, become formal structures which may have obtained a ‘social fact’ quality (Gondo & Amis, 2013) rendering the rewarded conduct as the natural way to behave within the organization. These behaviors are less subject to management monitoring and more stable over time, and often are beyond MMs’ influence. Additionally, from the perspective of enactment, there is a time lag between the actual performance of behavior and any formal output reward (Ferrin & Dirks, 2003) and furthermore, they are more likely achieved by collective rather than individual behavior (Shnake & Dumler, 1997; Ferrin & Dirks, 2003). Whilst output rewards may have an impact on overall long term organizational performance, we suggest that they negatively mediate the relationship between OCB and execution effectiveness since they have the potential to be perceived more ambiguously, and not necessarily developed to leverage important micro level strategizing activities. Thus we suggest that:

Hypothesis 4 (H^4) The relationship between OCB and strategy execution effectiveness will be negatively mediated by MMs perceptions of output rewards.

Process rewards are necessary to monitor and compensate individuals for completing specified procedures and activities that are critical to achieving desired objectives in strategy

development (Atuahene-Gima & Murray, 2004). Such behavioral rewards are used to influence how a given job is performed, therefore behavior or activities leading to a given outcome are typically evaluated. Hence, MMs are accountable for a number of behaviors that senior management believe will result in good organizational performance.

Such rewards, which are likely to be more complex and subjective are usually based on employee skills, activities and strategies enacted to meet goals (Piercy, Cravens, & Lane, 2012; Bergeron, 2007). Process rewards influence activities for facilitating strategy development and the adaptation of strategy to the environment and are critical to achieving desired objectives in strategy development. The evaluation of behavior via process rewards provides MMs with more opportunity to control processes, unlike outcome rewards (Piercy, Cravens, & Lane, 2012).

Process rewards are likely subject to greater monitoring by senior management (Ouchi, 1979), consequently, they allow MMs to showcase their individual skills and competences in developing strategy in the immediate term and therefore have an important role in the development of role expectations at the micro level than do output rewards (Marinova et al., 2010). By monitoring MMs' behavior, senior management can appreciate more easily when employees go above and beyond what is expected (Bergeron, 2007). Process rewards can be adjusted in line with changes in business strategy helping build unique competitive capabilities linked to the strategy (Schuster & Kesler, 2011). Consequently, process rewards are recognized in terms of what MMs know and what they do (the inputs) with more criteria upon which evaluations can be made, such that if the MM does not do well in one area (task behavior), they may be compensated by a favourable evaluation in another (discretionary behavior). Thus:

Hypothesis 5 (H⁵) The relationship between OCB and strategy execution effectiveness will be positively mediated by middle manager' perceptions of process rewards.

METHOD

Data Collection and Sample

Our data were collected via a self-administered postal survey from a stratified random sample of MMs from 701 ‘high tech’ organizations in the UK. Survey questions explored respondent’s knowledge related specifically to strategizing activities in the formulation and implementation of product-market strategy. In our hypothesis development we emphasized that we were interested in managerial perceptions and hence self-reports are the most appropriate measurement method (Conway & Lance, 2010). We demonstrate our a priori consideration of method effects through our use of design techniques (Dillman, 2000). To moderate the limitation of self-reports, respondents were asked to relate to issues pertaining to the most recent product-market execution initiative that had taken place in their organization. We ensured that respondents’ anonymity was protected and within our questionnaire we counterbalanced question order techniques (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003; Conway & Lance, 2010). Our sample included industry variations to help provide external validity in our results. We also performed for selected items additional tests for response bias using extrapolation to test for bias of early versus late response (Armstrong and Overton, 1977) with a one-way analysis of variance test. The respondent’s position and tenure in the organization were also used to ensure that the survey instrument was completed by the appropriate and competent informant in the organization (Slater& Atuahene-Gima, 2004). The majority of respondents were Marketing Managers (50%) and Product Managers (19.5%). A further 7% were Marketing Executives and 6.3% were Sales and Marketing Managers. In terms of tenure, 64.6% of respondents had more than 5 years working in their organization and only 11.8% had less than 2 years within their current organization. Measures to check participants’ knowledge about the study’s issues, and the extent

to which they believed their responses to accurately reflect the realities within the organization were also employed (Slater & Atuahene-Gima, 2004). All responses met the criteria for key informant reliability in this respect. The response rate was 21.4% (128 eligible responses).

Measures

We developed scales and items based on the conceptual domain of our focal constructs (see table 1). Scale items were reduced in number through correlation analysis of a subset of data from our completed survey instrument. We then conducted confirmatory factor analyses to identify items that loaded on each construct and verified that the items corresponded with the conceptual definition of the construct where reliabilities for each scale were calculated. Responses were provided on a seven point Likert scale (1 = strongly agree to 7= strongly disagree).

Process rewards were measured with 3 items from Atuahene-Gima and Murray (2004) to gauge the extent to which rewards are based on the effectiveness of the execution of the strategy rather than the results, on the quality of strategic decisions made rather than results and for the completion of major stages in the product-market development process.

Output rewards were measured with three items (Atuahene-Gima & Murray, 2004) to gauge the extent to which rewards are entirely based on the achievement of performance of objectives for strategy activities, whether rewards are based entirely on final outputs achieved and whether the primary weight is placed on objective criteria such as the objectives achieved.

Procedural Justice was measured with four variables to reflect the perceived fairness of strategy making procedures and are evidenced in the work of Paterson et al., (2002).

Participation was measured with four items that reflected the extent that respondents felt senior management involved them in strategic decision making.

Organizational Citizenship Behavior was measured using five items representing dimensions of obedience, loyalty and participation as developed by Van Dyne et al. (1994) and fit closely with organizationally targeted OCB (Jiang & Law, 2013).

Strategy Execution effectiveness was measured using four items taken from a scale developed from Atuahene-Gima and Murray (2004) and gauged the extent to which the objectives of the strategy had been achieved with respect to sales, profit, market position and management expectations.

RESULTS AND ANALYSES

Prior to examining measurement item properties, we examined for common method bias using a Harman one factor test. All items were inserted into a single Confirmatory Factor Analysis (Podsakoff et al., 2003). Presence of bias would result in a well-fitting model. The fit statistics are unacceptable and imply no common factor exists: $\chi^2 = 1630.90$; $df = 209$; $\chi^2 / df = 7.80$; RMSEA = 0.23; CFI = 0.49; IFI = 0.50; NNFI = 0.44.

All measurement items were inserted into a single Confirmatory Factor Analysis (Tables 1 and 2). Model fit statistics reveal robust model fit: $\chi^2 = 255.03$; $df = 194$; $\chi^2 / df = 1.31$; RMSEA = 0.05; CFI = 0.96; IFI = 0.96; NNFI = 0.96. All items loaded significantly onto their respective constructs ($p \leq 0.01$) and all construct reliabilities exceed accepted thresholds (Bollen, 1989; Hu & Bentler, 1999). All average variance extracted (AVE) values exceed the recommended 0.5 threshold except for the OCB construct. However, analysis of the factor

loadings and square root of AVE values reveal discriminant validity exists as all the values of the former are statistically significant and the latter values exceed all correlation values.

The hypotheses were tested using structural equation modelling in LISREL 8.80 with maximum likelihood estimation. We examine for mediation by applying the Sobel test (Hughes, Morgan, Ireland, & Hughes, 2014). For full mediation to be found, the Sobel Z-value must exceed 1.645 for 5% significance (or 1.282 for 10% significance) and the corresponding Effect Ratio should exceed 0.8; for partial mediation, the Sobel test Z-value must exceed 1.645 (or 1.282 for 10% significance) and the corresponding Effect Ratio be less than 0.8 (Hughes et al., 2014; Ndofor, Sirmon, and He, 2011). The model fit statistics for the structural model are: $\chi^2 = 284.51$; $df = 200$; $\chi^2 / df = 1.42$; RMSEA = 0.058; CFI = 0.95; IFI = 0.95; NNFI = 0.95. The results of the hypotheses tests are presented in Tables 3 and 4.

 Insert Table 2, 3 and 4 about here

Regarding H1, we find that OCB has significant negative effects on execution effectiveness (-0.42 ; $p \leq 0.01$). This is a somewhat surprising result since it is contrary to what we hypothesized based on our review of the literature. This partially confirms more recent thinking which counters that OCB is normally beneficial or ubiquitously positive for firms (Bolino et al., 2013; Dekas et al., 2014). However, analysis of the mediation tests reveals important information. We use a Sobel Test (one-tailed) to determine the existence and extent of mediation. The results highlight that for H2 and H4 that whilst procedural justice and output rewards act as mediators with the path from OCB to procedural justice and output rewards respectively positive and significant, the path between OCB and execution effectiveness is non-significant indicating that H2 and H4 are not supported. Our results show that perceptions of participative leader behavior (H3) and process rewards (H5) partially mediate the relationship

between OCB and execution effectiveness. We posit in H3 that participative leader behavior will act as a positive mediator between OCB and strategy execution effectiveness but this is not borne out in the results ($Z = 2.08$; $p \leq 0.05$). Participative leader behavior does act as a mediator but while the path from OCB to the mediator is positive, the path from mediator to execution effectiveness is negative. Participative leader behavior, then, acts as a partial negative mediator (Effect Ratio = 0.23). This result would appear counterintuitive suggesting that participation simply compounds the negative effect of OCB on execution effectiveness. The results for H5 highlight that the paths to and from the mediator, process rewards, are positive and show that whilst OCB may directly negatively affect execution effectiveness, this can become positive through the mediatory presence of process rewards ($Z = 1.47$; $p \leq 0.10$). This effect is also partial mediation (Effect Ratio = 0.10). By introducing process-based rewards for controlling employee behavior it is possible to then derive positive benefits for strategy execution effectiveness.

DISCUSSION

Our study focuses on organizationally targeted OCB and since role performance of key actors involved in the strategy process underpins execution effectiveness (Gummesson, 1998), we argued that such OCB is directly concerned with MMs strategy making activities i.e. their formulating and implementing strategy relative to the most recent product/service the organization introduced to the market since such behavior would support the broader organizational, social and psychological environment in which these core activities function. H^1 therefore suggested that MMs perception of OCB would be positively associated with execution effectiveness. Unlike the majority of studies in OCB, we specifically explored the implication of OCB on strategy execution effectiveness measured in terms of the extent to which objectives had

been achieved with respect to market share, profits, market position and management expectations (Atuahene-Gima & Murray, 2004), rather than general organizational performance. This allows us to develop our understanding of the relevance of organizationally targeted OCB for meso-level organizational outcomes. However, whilst previous OCB research suggests this dimension of OCB has a positive relationship with organizational performance (Boorman & Motowidlo, 1997; Kataria, et al., 2013; Williams & Anderson, 1991) our results do not bear this out for strategy execution effectiveness. It would appear that behaviors suggested in the literature as supporting the broader organizational, social and psychological environment in which the core must function are not necessarily perceived by MMs to serve as a critical catalyst for strategizing activities to be accomplished (Organ, 1997, Podsakoff et al., 2013; Borman & Motowidlo, 1997; Organ, 1997). Consequently, organizationally targeted OCB *per se* does not appear to be a necessary prerequisite for improved strategizing. As, Bolino, et al., (2015) suggest, it is possible that employees cut back on their OCB and still focus on their core job tasks and perhaps even perform them at a higher level. However, this, the authors argue, may be because employees perceive a lack of recognition or organizational support for engaging in OCB. Consequently the results for H^1 imply that for MMs, the boundary between OCB and task performance may be blurred (Somech & Drach-Zahavy, 2012; Van Dyne et al., 1995) particularly as it relates to execution effectiveness. Our mediation results (H^2 - H^5) serve to further confirm our reasoning for the results for H^1 .

From a social exchange model of OCB (Konovsky & Pugh, 1994) H^2 and H^3 explored social rewards as mediating mechanisms which might underlie the relationship between OCB and strategy execution effectiveness. H^2 suggested that MMs' procedural justice perceptions would positively mediate the relationship between OCB and strategy execution effectiveness.

However our results do not support H_2 and are counter to previous studies (Kamdar et al., 2006; Tepper et al., 2001). Indeed whilst most previous studies use procedural justice as an antecedent to OCB, we explored whether there was a causal sequence between OCB, procedural justice and execution effectiveness. However, the results suggest that perceptions of fairness do not impact on MMs perceptions that engagement in OCB is beneficial for strategy execution effectiveness. Additionally, whilst it has been suggested that participative leader behavior is an effective means of motivating employees to perform desired behavior (Han, et al., 2010; Huang, 2009) and allows for constructive suggestions regarding change (Organ, 1990) our results for H^3 suggests negative rather than positive partial mediation between OCB and strategy execution effectiveness. Whilst this might appear counterintuitive it is in line with our result for H^2 implying that from a social exchange perspective, MMs do not perceive social rewards as conducive to encouraging strategy execution effectiveness. Considering H^2 , MMs may not see fair procedures and policies for decision making as a means of social exchange, but rather perceive these as a given relative to their particular strategizing tasks and therefore of no currency for social rewards. In terms of H^3 , notwithstanding the suggested positive links between participative leader behavior and performance within the literature (Moorman, 1991; Dirks & Ferrin, 2002), some authors explain that results are inconsistent and contradictory. The impact of participation may vary across contexts and time according to the selected criterion for its effectiveness (Doz & Kosonen, 2008). In addressing particularly the negative mediation for H^3 in our results, it could be that MMs perceive that too much participation in decision making detracts attention from actual task performance, in addition to greater stress from greater responsibility, workload, time pressures and related ability which may negatively impact on strategizing (Somech, 2010). One could also surmise that the relationship between participative leader

behavior and execution effectiveness is ambiguous and not clearly visible and thus it is no complement to a positive relationship between OCB and execution effectiveness. In sum, from a social exchange perspective, social rewards offer no guarantee for influencing a positive relationship between OCB and execution effectiveness. Procedural justice and participative leader behavior are potentially perceived as a right rather than a privilege and therefore unlikely to be perceived as sufficient motivations in themselves.

H^4 and H^5 explored the role of formal organizational rewards as mediators to OCB and strategy execution effectiveness. We argued that formal reward practices should present a positive indirect link between OCB and strategy execution effectiveness. As explained, H^4 suggested output rewards would negatively mediate the relationship between OCB and execution effectiveness. Whilst our results suggest a positive rather than negative relationship, it is non-significant and therefore inconclusive. H^5 confirms partial mediation of process rewards on the relationship between OCB and execution effectiveness. Process rewards recognize what MMs know and what they do, which is important for day to day strategizing activity. MMs may perceive their superiors to be observing their work, recognizing their competences, initiating work related discussions and perhaps holding formal meetings concerned with work progress. Using process rewards, senior management place emphasis on role behavior at the more micro level and MMs who are being monitored may tend to focus on the emphasized role behaviors deemed important for effective strategizing. Consequently, whilst OCB may directly negatively affect execution effectiveness, this can become positive through the mediatory presence of process rewards. This implies that in addition to organizationally targeted OCB, by introducing process-based rewards for controlling strategizing behavior it is possible to derive positive benefits for strategy execution effectiveness. In other words, the relationship between OCB and

strategy execution effectiveness can be managed. MMs strategizing activities are characterized by a focus on non-routine problem solving requiring convergent, divergent and creative thinking. Such behavior may be more specific to strategy execution effectiveness. We have argued that organizationally targeted OCB should complement the more task specific activities that MMs engage in for their strategizing with both task behavior and discretionary behavior being important for strategy execution effectiveness (Coldwell & Callaghan, 2013). However, our results suggest that to encourage this, the use of explicit process rewards may be necessary since within current work climates, organizations cannot expect employees to do ‘more for less’ without providing appropriate organizational recognition.

However, this result goes some way in corroborating the literature which suggests organizationally targeted OCBs are viewed as more formally rewarded. Within contemporary workplace environments, thinking spontaneously, solving emergent problems and shaping roles to align with what employees feel is necessary to get the job done effectively may be contradictory to some of the general assumptions of OCB as being non-rewarded (Dekas et al., 2013; Marinova et al., 2010). As such, tasks which might once have been regarded as discretionary are perceived potentially more-in role by those responsible for strategy making as a result of environmental pressures to adapt within dynamic contexts. This is borne out through our results for H^5 where process rewards are found to mediate the role of OCB on strategy effectiveness. Formal process rewards imply higher visibility and therefore an expectation that behavior will be rewarded, unlike social rewards that are more ambiguous. Additionally, MMs may perceive organizationally targeted OCB as core to their strategizing role, and expect that rewards will be based on good performance in these aspects since they are more likely to lead to positive performance evaluations, salary increases and promotions (Bergeron, 2007; Bergeron,

Shipp, Rosen & Furst, 2013). Hence our results seem to provide support for other studies which have begun to suggest that behavior once perceived as discretionary may be evolving into being expected in organizations by employees and managers alike (Marinova et al., 2010; Podsakof, et al., 2014; Turnipseed & Wilson, 2009). Following our results for the mediating role of process rewards, if managers start rewarding such behavior, over time, this may cause once perceived discretionary behaviors to migrate to being considered compulsory within organizations as a result of the necessities within contemporary work environments (Bolino, et al., 2013; Dekas, et al., 2013; Vigoda-Gadot, 2006).

Limitations

The limitations of our study suggest a number of avenues for future research. Whilst our study has explored the implications for organizationally targeted OCB on execution effectiveness, we acknowledge that this may not capture the whole variety of OCB necessary in organizations (Dekas et al., 2013). Whilst we have provided arguments for employing this specific dimension of OCB, it may be that a more comprehensive understanding of the impact of OCB on execution effectiveness may be developed through additionally exploring the influence of interpersonally directed OCB. For example, helping behavior within interpersonal OCB along with social exchange has been found to be positively linked to organizational effectiveness (Van Dyne & LePine, 1998; Williams & Anderson, 1991). Indeed there are many dispositional and situational factors which might influence the relationships. Examining other mediating variables to explore alternative causal mechanisms which might underlie the relationship between OCB and strategy execution effectiveness might therefore be beneficial. Whilst we acknowledge these limitations we must add that we were not concerned with all possible related phenomena, but

argue that the constructs used “provide for the generation, consolidation and evaluation of empirical evidence” (Konovsky & Pugh, 1994: 657).

Further limitations pertain to our research design which incorporates a cross sectional analysis precluding causal inferences. Longitudinal research may be insightful since whilst it appears that OCB does not directly contribute to execution effectiveness, it may nonetheless contribute to socio-emotional support by enhancing morale and creating a nurturing culture (Turnipseed & Rassuli, 2005) which in time has implications for improved social dynamics within work environments leading to more effective strategizing within organizations. Such an approach might also allow an assessment as to the existence and extent of ‘citizenship fatigue’ (Bolino et al., 2013) for a fuller understanding of the mix of OCBs that MMs undertake at various points in time.

Finally, our data are generated from a single survey, introducing the possibility that common method variance (CMV) may influence the results (Noble & Mokwa, 1999). CMV is most often cited as the main problem with self-reports, as it inflates relationships between variables. However, Conway and Lance (2010) suggest that this is a misconception as long as clear arguments are made for their use. Our argument for use rests on our theoretical model with its focus on MMs’ perceptions of the constructs since this is important to our assessment of OCB. Further, Van Dyne et al. (2000), found no mean differences between self-reported scores for OCB and observer reports. Additionally, since our outcome variables are quantitative in nature, spurious inflation is less likely to occur as information is factual, and verifiable, i.e. market share, sales and profit, and therefore less likely to be vulnerable to CMV (Allen 2006; Podsakoff & Organ, 1986).

CONCLUSION

This paper explored some of the social dynamics involved in strategizing within organizations and developed insights into strategy execution effectiveness. In emphasizing micro level social processes as part of the organizations context through which MMs interpret their work environment, we have assessed the impact of OCB at the meso level outcome of execution effectiveness. This represents an important contribution as studies usually concentrate on the macro organizational level performance, and this unique context allows for a more nuanced understanding of execution effectiveness and illuminates with more precision what helps or hinders the strategy execution process. Our results suggested that organizationally targeted OCB has no direct bearing on strategy execution effectiveness but that formal process rewards indirectly influence the relationship.

A number of managerial implications derive from our study. Our results suggest that OCB is conducive to execution effectiveness to the extent to which behavior is recognized and rewarded. Therefore, in managing OCB for strategy execution effectiveness, it is necessary for organizational structures to place emphasis on behavior based reward systems through the specific use of process rewards as this helps to clearly communicate behavior senior managers value for this outcome. Senior managers need to be clear therefore on which behaviors within MMs strategizing role are important through regular observation and discussion to clarify the boundaries of job descriptions since MMs perceptions may not be fully aligned with senior managers' expectation. Discussion should allow MMs voice in how they achieve their tasks and senior managers should recognize and monitor those activities MMs deem important for OCB and execution effectiveness. Metrics for process control should then be aligned accordingly and communicated and reinforced by contingent reward practices.

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Figure 1. The role of organizational citizenship behavior and rewards in strategy execution effectiveness

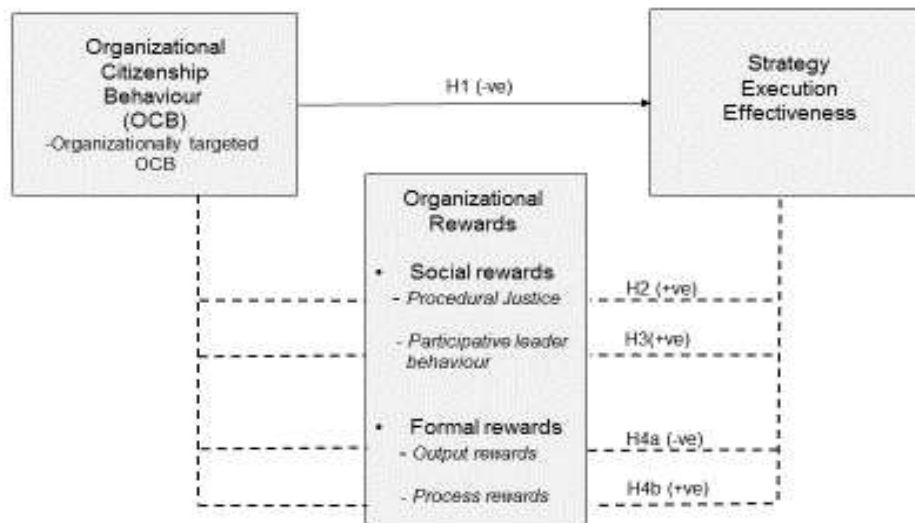


TABLE 1
Measurement Item Properties

Construct	Measurement Item	Standardized Factor Loading	t-value
Output rewards	Rewards to project members are entirely related to achievement of performance objectives for project activities	0.82	10.36
	Rewards for project members are entirely based on final outputs achieved	0.88	11.39
	In rewarding project members primary weight is placed on objective criteria such as results achieved	0.73	8.92
Process rewards	Rewards to project members are based on effectiveness of implementation of the strategy rather than results	0.89	11.70
	Rewards depend entirely on quality of strategic decisions made rather than results	0.88	11.57
	Project members are rewarded for completing major stages in the product-market strategy development process	0.64	7.64
Procedural justice	To what extent do you believe organizational procedures for strategy execution were intended to: Be accessible to everyone	0.72	9.22
	Produce accurate decisions	0.74	9.55
	Recognise interests of different groups	0.93	13.68
	Ensure that every ones interests are considered	0.94	13.74
Participative Leader Behavior	My line manager asks me for suggestions before making decisions	0.79	10.60
	Before making decisions, my line manager gives serious consideration to what his subordinates have to say	0.98	15.19
	Before taking action, my line manager gives serious consideration to what his subordinates have to say.	0.95	14.13
Execution effectiveness	To what extent have the objectives for this strategy been with respect to: Market share	0.89	12.59
	Profit	0.84	11.48
	Market position	0.90	12.73
	To what extent has the overall performance of the product/service met management expectations	0.85	11.76
Organizationally Targeted OCB	I work on my personal appearance so that it is appropriate	0.48	4.86
	I don't defend the firm when employees criticize it (r)	0.58	6.06
	I actively promote the firms products and services	0.54	5.50
	I keep myself informed about products and services and tell others	0.68	7.23
	I avoid extra duties and responsibilities at work (r)	0.46	4.70

TABLE 2
Descriptive Statistics and Construct Robustness

Construct:	X1	X2	X3	X4	X5	X6
X1. Output rewards	.81					
X2. Process rewards	.44**	.81				
X3. Procedural justice	.29**	.25**	.84			
X4. Participative Leader Behavior	.25**	.21*	.35**	.91		
X5. Execution effectiveness	-.11	.01	-.18†	-.37**	.87	
X6. OCB	.17†	.13	.30**	.27**	-.32**	.56
Mean	4.27	5.05	3.48	2.99	4.59	2.25
S.D.	1.37	1.15	1.24	1.38	1.23	.84
CR	.85	.85	.90	.94	.93	.69
AVE	.66	.66	.71	.83	.76	.31

** Significant at 0.01 level.

* Significant at 0.05 level.

† Significant at 0.10 level.

TABLE 3
Hypothesis Testing Results

Dependent Variable^a	
Execution Effectiveness	
Independent Variables:	
OCB	-0.42 (2.99)**
Mediator Variables:	
Procedural justice	0.02 (0.18)
Participative leader behavior	-0.24 (-2.43)**
Output rewards	0.00 (0.05)
Process rewards	0.19 (2.10)*
Squared Multiple Correlations for Structural Equations^b	0.29

^a Figures represent standardized path value and associated *t*-value in parentheses.

^b Amount of variance in the dependent variable explained (Equivalent to R^2 under regression).

** Significant at 0.01 level (critical *t*-value = 2.326).

* Significant at 0.05 level (critical *t*-value = 1.645).

TABLE 4
Sobel Test Results

	Procedural Justice	Participation	Output Rewards	Process Rewards
OCB→Mediator (a)	0.45**	0.39**	0.28**	0.22*
OCB→Mediator (SE _a)	0.11	0.10	0.11	0.11
Mediator→EE (b)	0.02	-0.24**	0.00	0.19*
Mediator→EE (SE _b)	0.10	0.10	0.09	0.09
OCB→EE (c)	0.42	0.42	0.42	0.42
Z	0.20	2.08*	0.04	1.47†
Effect Ratio	0.02	0.23	0.00	0.10
Mediation		Partial		Partial

a Unstandardized path coefficient from independent variable to the mediator variable.

SE_a Standard error of the relationship between the independent variable and the mediator variable.

b Unstandardized path coefficient from the mediator variable to the dependent variable.

SE_b Standard error of the relationship between the mediator variable and the dependent variable.

EE Execution effectiveness (dependent variable)

Z Sobel test statistic: $Z = ab / \sqrt{(a^2 SE_b^2) + (b^2 SE_a^2)}$

c Unstandardized path coefficient from independent variable to the dependent variable.

Effect Ratio = ab/c

* Significant at 0.05 level (critical *t*-value = 1.645).

† Significant at 0.10 level (critical Z-value = 1.282).